

Message Text

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ORIGIN L-03

INFO OCT-01 EUR-12 ISO-00 EB-07 TRSE-00 H-02 SSO-00 NSCE-00

INRE-00 AID-05 CEA-01 CIAE-00 COME-00 EA-07 FRB-03

INR-07 IO-10 NEA-10 NSAE-00 OPIC-03 SP-02 CIEP-01

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TO USMISSION OECD PARIS IMMEDIATE

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E.O. 11652: N/A

TAGS: EFIN, INV, OECD

SUBJECT: OECD CIME MEETING - PRINCIPLES OF BEHAVIOR
RELATING TO MNE'S

1. IN RECENT WEEKS USG OFFICIALS HAVE INDICATED TO CONGRES
THAT ONE POSSIBLE APPROACH TO PROBLEM OF ILLICIT PAY-
MENTS BY TNES COULD INCLUDE A PRINCIPLE ON ILLICIT PAYMENTS
IN A STATEMENT OF PRINCIPLES RELATING TO TNES BEING CON-
SIDERED IN VARIOUS INTERNATIONAL FORA. STATE DEPT OFFICIAL
SO TESTIFIED TO THE CHURCH SUBCOMMITTEE IN EXECUTIVE
SESSION ON APRIL 23 AND TO THE HOUSE SUBCOMMITTEE ON INTER-
NATIONAL ECONOMIC POLICY ON JUNE 5. THE SECRETARY OF THE
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TREASURY TOOK THE MATTER A STEP FURTHER ON AUGUST 25 IN

TESTIFYING BEFORE THE SENATE BANKING, HOUSING AND URBAN AFFAIRS COMMITTEE BY AGREEING TO CONSULT WITH MINISTERS OF FINANCE ON THIS QUESTION AT THE WORLD BANK IMF MEETING WEEK OF SEPTEMBER 1.

2. THE ISSUE WAS RAISED IN THE CIME BY SWEDEN IN JULY AND WILL BE DISCUSSED AT THE NEXT MEETING SEPTEMBER 30. A COMPLEX UK TEXT WILL BE CIRCULATED BY THE SECRETARIAT AS A BASIS FOR DISCUSSION AND OTHER DELEGATIONS INCLUDING THE U.S. HAVE BEEN INVITED TO SUBMIT THEIR PROPOSALS AS WELL.

3. DURING MEETING WITH OECD SEC. GEN SEPTEMBER 5, TREASURY SECRETARY SIMON RAISED ISSUE OF PAYMENTS BY MNES TO PUBLIC OFFICIALS AND REQUESTED SEC GEN TO EXPLORE POSSIBILITIES FOR OECD ACTION TO ASSIST IN DEALING WITH THIS PROBLEM. VAN LENNEP INDICATED WILLINGNESS TO WORK TOWARDS INCORPORATION OF PROVISION IN PROPOSED PRINCIPLES OF CONDUCT FOR MNES BEING DISCUSSED BY COMMITTEE ON INVESTMENT AND MULTINATIONAL ENTERPRISES (CIME). HE ASKED FOR SPECIFIC USG SUGGESTIONS.

4. YOU SHOULD PROVIDE VAN LENNEP AND VOGELAAR OF CIME WITH THE SUGGESTED LANGUAGE IN PARA. 5 FOR CIRCULATION WITH THE DOCUMENTS TO BE CONSIDERED BY CIME AT ITS NEXT MEETING. WE WOULD APPRECIATE ANY COMMENTS SECRETARIAT MAY HAVE ON THE SUBSTANCE. YOU SHOULD EMPHASIZE THAT THIS LANGUAGE IS TENTATIVE FORMULA. USG BELIEVES THAT AGREEMENT ON A PRINCIPLE ON THIS IMPORTANT SUBJECT COULD BE EXTREMELY USEFUL. WE ARE NOT WED TO ANY PARTICULAR LANGUAGE AND MAY WELL OFFER CHANGES OR ADDITIONS OURSELVES. HOWEVER, WE DO ATTACH IMPORTANCE TO THE BASIC RESPONSIBILITY OF GOVERNMENTS TO DEAL WITH THE PROBLEM OF ILLICIT PAYMENTS AND COULD NOT ACCEPT AN APPEAL DIRECTED SOLELY TO ENTERPRISES TO SOLVE A PROBLEM WHICH IS THE EQUAL RESPONSIBILITY OF GOVERNMENTS. WE WOULD ALSO BE CONCERNED ABOUT DISCRIMINATORY TREATMENT OF TNES IN THIS REGARD.

5. THE ILLUSTRATIVE TEXT WE WOULD PROPOSE FOR DISCUSSION PURPOSES READS: "ENTERPRISES SHOULD NEITHER MAKE NOR BE LIMITED OFFICIAL USE

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SOLICITED TO MAKE PAYMENTS TO GOVERNMENT OFFICIALS OR (ILLICIT) CONTRIBUTIONS TO POLITICAL PARTIES OR CANDIDATES." KISSINGER

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